
State of Illinois
Office of the Auditor General



Performance Audit of the

Health Benefits for Immigrant Seniors and Adults

February 26, 2025

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FRANK J. MAUTINO

*To the Legislative Audit Commission, the Speaker
and Minority Leader of the House of Representatives,
the President and Minority Leader of the Senate, the
members of the General Assembly, and the
Governor:*

This is our report of the performance audit of the Health Benefits for Immigrant Seniors and Adults.

The audit was conducted pursuant to Legislative Audit Commission Resolution Number 165. This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit report is transmitted in conformance with Sections 3-14 and 3-15 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

Springfield, Illinois
February 2025



Performance Audit of the Health Benefits for Immigrant Seniors and Adults

Background:

On November 7, 2023, the Legislative Audit Commission adopted Resolution Number 165, which directed the Office of the Auditor General to conduct a performance audit of the Illinois Department of Healthcare and Family Services' (HFS) administration of the program of Medicaid services and coverage provided to undocumented immigrants (see Appendix A). In 2020, Illinois began to expand healthcare coverage to noncitizen immigrants. The first expansion, the Health Benefits for Immigrant Seniors program (HBIS), began in December 2020, and covered adult seniors 65 years of age and older. The second expansion began in May 2022 and covered immigrant adults between the ages of 55 and 64. The most recent expansion began in July 2022 and covered immigrant adults between the ages of 42 and 54. These two expansions are both part of the Health Benefits for Immigrant Adults program (HBIA).

Key Findings:

- Actual enrollment and actual costs **exceeded** the initial program estimates for both the HBIS and HBIA programs. Regarding estimated number of enrollees, in FY23:
 - for HBIS (65+), the initial estimated number of enrollees was 6,700, while the actual number enrolled was 15,831;
 - for HBIA (55-64), the initial estimated number of enrollees was 8,000, while the actual number enrolled was 17,024; and
 - for HBIA (42-54), the initial estimated number of enrollees was 18,800, while the actual number enrolled was 36,912.
- Regarding the initial cost estimates for all three fiscal years 2021, 2022, and 2023:
 - for HBIS (65+) the total estimate was \$224.0 million, while the actual total cost was \$412.3 million or **84 percent higher**;
 - for HBIA (55-64) the total estimate was \$58.4 million, while the actual total cost was \$223.1 million or **282 percent higher**; and
 - for HBIA (42-54) the total estimate was \$68.0 million, while the actual total cost was \$262.2 million or **286 percent higher**.
- In FY21, 6,884 individuals were enrolled in HBIS (65+). HBIS (65+) enrollment increased to 11,362 in FY22, 15,831 in FY23, and decreased to 11,464 in FY24. The HBIA (55-64) enrollment increased from 6,675 in FY22, to 17,024 in FY23, before decreasing to 13,596 in FY24. The HBIA (42-54) enrollment increased from 5,823 in FY22, to 36,912 in FY23, before decreasing to 27,941 in FY24. According to HFS officials, the FY24 numbers exclude those who have been removed from the program due to redetermination or due to the change in eligibility that removed legal permanent residents from the program.
- **In total from FY21 through FY23, the expanded programs for immigrant seniors and adults cost just under \$898 million.** The cost for all three levels increased greatly in FY23. The HBIA (42-54) level was the largest and most costly in FY23 at \$244 million. The HBIS (65+) level cost \$211 million, and the HBIA (55-64) level cost \$189 million in FY23. The cost for FY24 increased from FY23. In FY24, the HBIA (42-54) level was the most costly at almost \$312 million. The HBIS (65+) level cost \$211 million, and the HBIA (55-64) level cost \$196 million in FY24.
- For fiscal years 2021, 2022, and 2023, the three largest costs were for outpatient services, inpatient hospital services, and pharmacy services. Beginning in FY24 with the conversion to managed care, capitation payments became the largest cost at \$265 million. Outpatient services (\$145 million), inpatient hospital services (\$94 million), and pharmacy services (\$106.8 million) were the next highest costs. **The total cost for the HBIS and HBIA programs since inception was just over \$1.6 billion.**

- According to HFS, the redetermination process reviewed 64,244 HBIS and HBIA enrollees. HFS removed a total of 21,362 HBIS and HBIA enrollees as of January 2025. In total, 19,872 were removed from HBIS and HBIA for eligibility or procedural reasons, which involved not responding to redetermination requests. Additionally, another 1,490 were removed and were enrolled in another program.
- Inpatient reimbursement through fee-for-service payments for services provided within the Cook County Health and Hospital System or the University of Illinois hospital system are subject to enhanced rates established by HFS by rule. According to HFS, the rates paid for HBIS and HBIA to enhanced rate hospitals are the same as is paid for Medicaid.
- Auditors reviewed the eligibility data as of June 30, 2023, and identified 478 enrollees with two or more Recipient Identification Numbers. This was due to poor data entry and a lack of internal controls or system edits over the entry of this information.
- During a review of the enrollment data, auditors identified 6,098 enrollees designated as “undocumented” who also had a Social Security Number. Auditors provided the 6,098 enrollees to HFS asking whether enrollees classified as undocumented enrollees should also have a Social Security Number. HFS officials reviewed and provided responses for a sample of 94 enrollees. Auditors determined that 19 of the 94 should have been recorded in the system as lawfully present or as being a legal permanent resident, not undocumented. This is an important distinction as after five years in the country, legal permanent residents become eligible for Medicaid and thus the State would receive federal matching dollars.
- Auditors identified 688 enrollees who were enrolled in the HBIS (65+) program who were not 65 years of age or above. These 688 exceptions were provided to HFS for comment. After HFS’s review of 151, it was determined that 79 were signed up in error. Many of the errors occurred from incorrect birthdates provided by the enrollee, which were later corrected when documentation was provided.
- During a review of the enrollment data, auditors identified 394 enrollees who appeared to have been enrolled in HBIS or HBIA after they had been in the country legally for over five years. These individuals are eligible for Medicaid, thus the State would receive federal matching dollars. These exceptions were provided to HFS for review and comment. HFS reviewed a sample of 17 and determined that 13 were approved incorrectly. Allowing ineligible enrollees in State-only funded programs should be avoided when possible.

Key Recommendations:

The audit report contains two recommendations:

- HFS should review its eligibility data and the analysis conducted by auditors and should work with the Illinois Department of Human Services to remove any unnecessary duplicate enrollees to ensure fraudulent or duplicate payments are not made on their behalf.
- HFS should work with the Illinois Department of Human Services to develop controls over eligibility determinations for the HBIS and HBIA programs to ensure ineligible individuals are not enrolled in violation of 305 ILCS 5/12-4.35. Additionally, HFS should seek federal reimbursement for any federal match lost due to the miscategorization of HBIS and HBIA enrollees who were otherwise eligible for federally funded programs.

This performance audit was conducted by the staff of the Office of the Auditor General.

Report Digest

On November 7, 2023, the Legislative Audit Commission adopted Resolution Number 165, which directed the Office of the Auditor General to conduct a performance audit of the Illinois Department of Healthcare and Family Services’ (HFS) administration of the program of Medicaid services and coverage provided to undocumented immigrants (see Appendix A). Our assessment of the audit determinations is shown in **Digest Exhibit 1**. (page 1)

Digest Exhibit 1 ASSESSMENT OF AUDIT DETERMINATIONS

Determination from Audit Resolution	Auditor Assessment
<i>A review of HFS’ initial program enrollment and cost estimates for fiscal years 2021, 2022, and 2023 for Medicaid services for undocumented immigrants.</i>	<ul style="list-style-type: none"> Actual enrollment and actual costs exceeded the initial program estimates for both the HBIS and HBIA programs. For the most recent enrollment year for each program, enrollment estimates were lower than the actual enrollment figures. In FY23 for HBIS (65+), the initial estimated number of enrollees was 6,700, while the actual number enrolled was 15,831. In FY23 for HBIA (55-64), the initial estimated number of enrollees was 8,000, while the actual number enrolled was 17,024. In FY23 for HBIA (42-54), the initial estimated number of enrollees was 18,800, while the actual number enrolled was 36,912. The initial cost estimates for HBIS (65+) for fiscal years 2021, 2022, and 2023 totaled \$224.0 million, while the actual total cost was \$412.3 million or 84 percent higher. The initial cost estimates for HBIA (55-64) for fiscal years 2021, 2022, and 2023 totaled \$58.4 million, while the actual total cost was \$223.1 million or 282 percent higher. The initial cost estimates for HBIA (42-54) for fiscal years 2021, 2022, and 2023 totaled \$68.0 million, while the actual total cost was \$262.2 million or 286 percent higher. (pages 8-10)
<i>A review of the actual program enrollment numbers and amount of money expended for fiscal years 2021, 2022, and 2023 for Medicaid services for undocumented immigrants.</i>	<ul style="list-style-type: none"> In FY21, 6,884 individuals were enrolled in HBIS (65+). HBIS (65+) enrollment increased to 11,362 in FY22, 15,831 in FY23, and decreased to 11,464 in FY24. The HBIA (55-64) enrollment increased from 6,675 in FY22, to 17,024 in FY23, before decreasing to 13,596 in FY24. The HBIA (42-54) enrollment increased from 5,823 in FY22, to 36,912 in FY23, before decreasing to 27,941 in FY24. According to HFS officials, the FY24 numbers exclude those who have been removed from the program due to redetermination or due to the change in eligibility that removed legal permanent residents from the program. (pages 11-13)
<i>The cost for each level of expansion of Medicaid services for undocumented immigrants for fiscal years 2021, 2022, and 2023.</i>	<ul style="list-style-type: none"> In total from FY21 through FY23, the expanded programs for immigrant seniors and adults cost just under \$898 million. The cost for all three levels increased greatly in FY23. The HBIA (42-54) level was the largest and most costly in FY23 at \$244 million. The HBIS (65+) level cost \$211 million, and the HBIA (55-64) level cost \$189 million in

FY23. The cost for FY24 increased from FY23. In FY24, the HBIA (42-54) level was the most costly at almost \$312 million. The HBIS (65+) level cost \$211 million, and the HBIA (55-64) level cost \$196 million in FY24. (pages 13-14)

The cost by category of service for Medicaid services for undocumented immigrants for fiscal years 2021, 2022, and 2023.

- For fiscal years 2021, 2022, and 2023, the three largest costs were for outpatient services, inpatient hospital services, and pharmacy services. Beginning in FY24 with the conversion to managed care, capitation services became the largest cost at \$265 million. Outpatient services (\$145 million), inpatient hospital services (\$94 million), and pharmacy services (\$106.8 million) were the next highest costs. The total cost for the HBIS and HBIA programs since inception was just over \$1.6 billion. (pages 14-15)

An examination of inpatient reimbursement through fee-for-service payments for undocumented immigrants using enhanced rates.

- Inpatient reimbursement through fee-for-service payments for services provided within the Cook County Health and Hospital System or the University of Illinois hospital system are subject to enhanced rates established by HFS by rule (see 89 IL Adm. Code 148.160 and 148.170). According to HFS, the rates paid for HBIS and HBIA to enhanced rate hospitals are the same as is paid for Medicaid.
- According to HFS, claims for these enhanced rates come in with a diagnosis-related groups (DRG) code. Software is used to pick the DRG based diagnosis code, and the claim is put into a related group. Each group is assigned a relative weight assigned to the DRG code. This DRG weight is multiplied by the base rate for each hospital to determine the payment. HFS also noted if the costs skyrocket for a patient, there are additional outlier payments. **In FY23, there were 77,659 admissions to the enhanced rate hospitals for HBIS and HBIA with claims totaling \$247.9 million.** (pages 16-17)

Source: OAG assessment of the audit determinations contained in Legislative Audit Commission Resolution Number 165.

Background

In 2020, Illinois began to expand healthcare coverage to noncitizen immigrants.

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Recent Changes to the HBIS and HBIA Programs

Temporary Enrollment Pause

To ensure program costs did not exceed the funds available for fiscal year 2024, HFS paused enrollment for both the HBIS and HBIA programs. The HBIA program enrollment was paused effective July 1, 2023, and the HBIS program was paused effective November 6, 2023. Individuals already enrolled in the programs remained eligible and will continue to be covered.

Redetermination Process for HBIS and HBIA

The majority of the redeterminations began for HBIS and HBIA enrollees on April 1, 2024; however, there were some enrollees redetermined as early as May 1, 2023. Effective May 1, 2024, HFS began to close ineligible cases for enrollees who no longer met eligibility requirements. According to HFS officials, these actions were also taken to ensure program costs did not exceed funds.

According to HFS, redeterminations ensure that enrollee eligibility for these healthcare programs is consistently evaluated, and the agency is committed to ensuring that individuals who remain eligible for coverage stay covered through the redetermination process. HFS noted it was also committed to ensuring that individuals who are no longer eligible for benefits, whether those are Medicaid or HBIA/HBIS benefits, receive helpful information about their options, so they can connect to alternative coverage.

Referring Legal Permanent Residents to Other Programs

During these redetermination reviews, HFS also changed the eligibility standards for the HBIS/HBIA programs and referred all legal permanent residents to other programs for which they were eligible. According to HFS, this measure was taken to contain costs in the programs leading into FY25. Legal Permanent Residents were referred to the following:

- **Medicaid** – Legal Permanent Residents who have been in the United States for over five years may qualify for Medicaid coverage and were to transition to Medicaid in May 2024, as long as eligibility requirements were met. Customer services will remain consistent and will be eligible for federal matching funds.

- **Affordable Care Act** – Legal Permanent Residents who have been in the United States for less than five years will be removed from the programs and referred to the Affordable Care Act (ACA) Health Insurance Marketplace, which provides subsidies to noncitizens who are lawfully present in the country. HFS will encourage and assist affected HBIA/HBIS members with enrolling in an ACA Health Insurance Marketplace plan and is working with the Illinois Department of Insurance to ensure that Navigators can assist individuals with enrolling in coverage.

Administrative Rule Change for HBIS and HBIA Program Eligibility

Effective March 8, 2024, and refiled on August 5, 2024, 89 Ill. Adm. Code 118.710 and 118.810 related to eligibility for health benefits for immigrant seniors and adults were amended by emergency rules. The emergency rules specifically made the following individuals **ineligible** for HBIS and HBIA:

- a person lawfully admitted for permanent residence under the Immigration and Nationality Act who lawfully resided in the United States for five years or more; and
- effective May 1, 2024, a person lawfully admitted for permanent residence under the Immigration and Nationality Act, regardless of length of residency. (pages 5-6)

Initial HBIS and HBIA Program Enrollment and Cost Estimates

Actual enrollment and actual costs exceeded the initial program estimates for both the HBIS and HBIA programs. For the most recent enrollment year for each program, enrollment estimates were lower than the actual enrollment figures. In FY23 for HBIS (65+), the initial estimated number of enrollees was 6,700, while the actual number enrolled was 15,831. In FY23 for HBIA (55-64), the initial estimated number of enrollees was 8,000, while the actual number enrolled was 17,024. In FY23 for HBIA (42-54), the initial estimated number of enrollees was 18,800, while the actual number enrolled was 36,912.

Actual enrollment and actual costs exceeded the initial program estimates for both the HBIS and HBIA programs.

The initial cost estimates for HBIS (65+) for fiscal years 2021, 2022, and 2023 totaled \$224.0 million, while the actual total cost was \$412.3 million or 84 percent higher. The initial cost estimates for HBIA (55-64) for fiscal years 2021, 2022, and 2023 totaled \$58.4 million, while the actual total cost was \$223.1 million or 282 percent higher. The initial cost estimates for HBIA (42-54) for fiscal years 2021, 2022, and 2023 totaled \$68.0 million, while the actual total cost was \$262.2 million or 286 percent higher. (pages 8-10)

HBIS and HBIA Program Enrollment and Cost

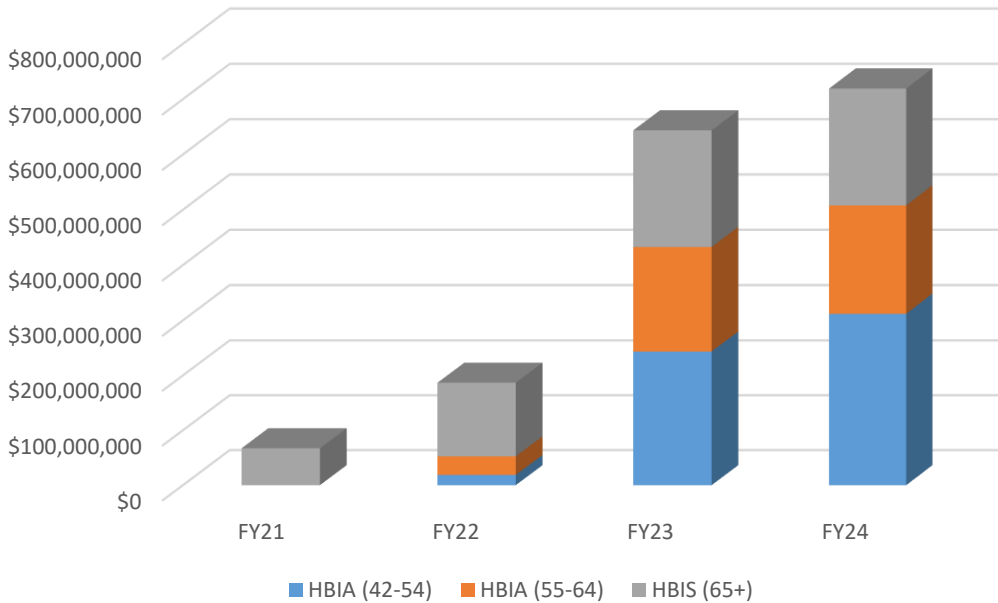
In FY21, 6,884 individuals were enrolled in HBIS (65+). HBIS (65+) enrollment increased to 11,362 in FY22, 15,831 in FY23, and decreased to 11,464 in FY24. The HBIA (55-64) enrollment increased from 6,675 in FY22, to 17,024 in FY23, before decreasing to 13,596 in FY24. The HBIA (42-54) enrollment increased

from 5,823 in FY22, to 36,912 in FY23, before decreasing to 27,941 in FY24. According to HFS officials, the FY24 numbers exclude those who have been removed from the programs due to redetermination or due to the change in eligibility that removed legal permanent residents from the programs.

In total from FY21 through FY23, the expanded programs for immigrant seniors and adults cost just under \$898 million.

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Digest Exhibit 2
COSTS FOR SERVICES PROVIDED BY EXPANSION LEVEL
 By Fiscal Year



Expansion Level	FY21	FY22	FY23	FY24 ⁴	Totals
HBIS (65+) ¹	\$67,315,847	\$134,191,976	\$210,783,631	\$211,299,068	\$623,590,522
HBIA (55-64) ²	n/a	\$33,875,008	\$189,184,491	\$196,000,229	\$419,059,728
HBIA (42-54) ³	n/a	\$18,655,030	\$243,581,692	\$311,955,925	\$574,192,647
Totals⁵	\$67,315,847	\$186,722,013	\$643,549,815	\$719,255,222	\$1,616,842,897

¹ Effective December 1, 2020.

² Effective May 1, 2022.

³ Effective July 1, 2022.

⁴ The FY24 numbers exclude those who have been removed from the program due to redetermination or due to the change in eligibility that removed Legal Permanent Residents from the program.

⁵ Totals may not add due to rounding.

Source: Illinois Department of Healthcare and Family Services.

HBIS and HBIA Program Costs by Category of Service

Auditors looked at costs by the category of services. As shown in **Digest Exhibit 3**, for fiscal years 2021, 2022, and 2023, the three largest costs were for outpatient services, inpatient hospital services, and pharmacy services. Beginning in FY24 with the conversion to managed care, capitation payments became the largest cost at \$265 million. Outpatient services (\$145 million), inpatient hospital services (\$94 million), and pharmacy services (\$106.8 million) were the next highest costs. For fiscal years 2021 through 2024, the total cost for

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According to HFS, capitation payments are paid to Managed Care Organizations to provide services that include costs for all services provided, such as outpatient services, inpatient hospital, and pharmacy services. It is paid as capitation rather than as fee-for-service. The FY24 costs other than for capitation payments in **Digest Exhibit 3** are for the fee-for-service program. Capitation payments are Per Member Per Month (PMPM) payments to the Managed Care Organizations to cover services and administration, including care coordination.

Digest Exhibit 3
HBIS AND HBIA PROGRAM TOP 10 COSTS BY CATEGORY OF SERVICE BY FISCAL YEAR
 In Millions

Category of Service	FY21	FY22	FY23	FY24	Totals
Outpatient Services (General)	\$20.5	\$47.3	\$225.9	\$145.0	\$438.7
Inpatient Hospital Services (General)	27.6	70.7	185.7	94.0	377.9
Capitation Payments (Managed Care)	0.6	1.3	0.5	265.0	267.4
Pharmacy Services (Drug and OTC)	5.8	27.0	97.8	106.8	237.3
General Clinic Services	4.6	12.5	39.2	27.5	83.7
Physician Services	2.6	9.0	34.5	27.2	73.3
Homemaker	2.1	5.8	8.9	9.0	25.7
Outpatient Services (End Stage Renal Disease)	0.8	2.8	10.2	10.3	24.0
Emergency Ambulance Transportation	0.7	2.9	10.2	9.3	23.0
Dental Services	0.1	0.5	5.7	5.3	11.6
All Others	2.1	7.0	25.0	20.0	54.1
Totals¹	\$67.3	\$186.7	\$643.5	\$719.3	\$1,616.8

Note: Totals do not add due to rounding.

Source: Illinois Department of Healthcare and Family Services.

Impact of Redeterminations on Enrollment for FY24

According to HFS, the redetermination process reviewed 64,244 HBIS and HBIA enrollees. HFS removed a total of 21,362 HBIS and HBIA enrollees as of January 2025. In total, 19,872 were removed from HBIS and HBIA for eligibility or procedural reasons, which involved not responding to redetermination requests. Additionally, another 1,490 were removed and were enrolled in another program. (pages 11-15)

Enhanced Rates for Inpatient Reimbursement

Inpatient reimbursement through fee-for-service payments for services provided within the Cook County Health and Hospital System or the University of Illinois hospital system are subject to enhanced rates established by HFS by rule (see 89 IL Adm. Code 148.160 and 148.170). According to HFS, enhanced rates for inpatient reimbursement are used to leverage federal resources to reduce the tax burden for Cook County and the State of Illinois, who operate the hospitals receiving enhanced rates. Ultimately this reduces the potential burden on tax payers in funding

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these hospital services. According to HFS, the rates paid for HBIS and HBIA to enhanced rate hospitals are the same as is paid for Medicaid.

According to HFS, claims for these enhanced rates come in with a diagnosis-related groups (DRG) code. Software is used to pick the DRG based diagnosis code, and the claim is put into a related group. Each group is assigned a relative weight assigned to the DRG code. This DRG weight is multiplied by the base rate for each hospital to determine the payment. HFS also noted if the costs skyrocket for a patient, there are additional outlier payments. **In FY23, there were 77,659 admissions to the enhanced rate hospitals for HBIS and HBIA with claims totaling \$247.9 million.** (pages 16-17)

Transition to Managed Care

As the HBIS and HBIA programs transitioned from fee-for service charges to managed care, enrollees in HBIS and HBIA were expected to be fully integrated into managed care by April 2024. Digest **Exhibit 4** shows the number of HBIS and HBIA program members enrolled in Managed Care Organizations (MCOs) by month. As of April 2024, 14,753 had been enrolled in HBIS and 47,064 have been enrolled for HBIA. These numbers decreased in each of the following two months as HFS performed redeterminations, which removed ineligible enrollees and moved legal permanent residents into Medicaid and the ACA. (pages 18-19)

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Digest Exhibit 4

MANAGED CARE ENROLLMENT BY MONTH BY EXPANSION LEVEL

Expansion Level	Jan 24	Feb 24	March 24	April 24	May 24	June 24
HBIA (All)	13,350	26,856	38,045	47,064	41,845	39,924
HBIS	3,257	5,916	10,506	14,753	11,120	10,829
Totals	16,607	32,772	48,551	61,817	52,965	50,753

Note: Per HFS, “reported enrollment declines from April to May 2024 reflect closures of ineligible customers and the movement of legal permanent residents over five years to Medicaid enrollment as reflected in the FY24-FY25 HBIA/HBIS budget plan.”

Source: Illinois Department of Healthcare and Family Services.

Review of HBIS and HBIA Program Eligibility Data

Auditors reviewed the eligibility data as of June 30, 2023, and identified 478 enrollees with two or more Recipient Identification Numbers. This was due to poor data entry and a lack of internal controls or system edits over the entry of this information. **Auditors recommended HFS should review its eligibility data and the analysis conducted by auditors and should work with the Illinois Department of Human Services to remove any unnecessary duplicate enrollees to ensure fraudulent or duplicate payments are not made on their behalf.**

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Audit Recommendations

The audit report contains two recommendations directed to the Department of Healthcare and Family Services. The Department agreed with both recommendations. The complete response from the Department is included in this report as Appendix C.

This performance audit was conducted by staff of the Office of the Auditor General.

SIGNED ORIGINAL ON FILE

JOE BUTCHER
Division Director

This report is transmitted in accordance with Sections 3-14 and 3-15 of the Illinois State Auditing Act.

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FRANK J. MAUTINO
Auditor General

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Introduction

On November 7, 2023, the Legislative Audit Commission adopted Resolution Number 165, which directed the Office of the Auditor General to conduct a performance audit of the Illinois Department of Healthcare and Family Services’ (HFS) administration of the program of Medicaid services and coverage provided to undocumented immigrants (see Appendix A). The audit was to specifically include, but not be limited to, the following determinations:

AUDIT DETERMINATIONS

1. A review of HFS’ initial program enrollment and cost estimates for fiscal years 2021, 2022, and 2023 for Medicaid services for undocumented immigrants.
2. A review of the actual program enrollment numbers and amount of money expended for fiscal years 2021, 2022, and 2023 for Medicaid services for undocumented immigrants.
3. The cost for each level of expansion of Medicaid services for undocumented immigrants for fiscal years 2021, 2022, and 2023.
4. The cost by category of service for Medicaid services for undocumented immigrants for fiscal years 2021, 2022, and 2023.
5. An examination of inpatient reimbursement through fee-for-service payments for undocumented immigrants using enhanced rates.

Note:

Legislative Audit Commission Resolution Number 165 requires a review of “Medicaid services for undocumented immigrants.” The programs created by the expansion are the Health Benefits for Immigrant Seniors (HBIS) program and the Health Benefits for Immigrant Adults (HBIA) program. These programs covered more individuals than just undocumented immigrants. They also covered individuals who are legal permanent residents who were in the United States for less than five years.

The State did not receive federal matching funds for any of the recipients enrolled in either HBIS or HBIA. Therefore, the services for these individuals were funded exclusively by the State. Since these individuals were not eligible for Medicaid, the services provided by these programs are referred to in this audit as medical services. Additionally, since these programs include individuals other than undocumented immigrants, this audit refers to these individuals as immigrant adults and immigrant seniors or HBIA enrollees and HBIS enrollees.

According to HFS officials, HFS began federal claiming for emergency services for the HBIS and HBIA programs effective March 2024. The Federal Centers for Medicare & Medicaid Services allows states to claim federal match up to two years retroactively, so HFS submitted a claim covering April 2022 through March 2024 to draw down two years of federal match on previously provided emergency services for HBIS and HBIA enrollees.

History of Laws and Regulations Related to HBIS and HBIA

In May 2020, the Illinois General Assembly passed House Bill 357, which added 305 ILCS 5/12-4.35(a-5) to the Public Aid Code. This amendment stated that HFS “may provide medical assistance...to noncitizens **over the age of 65 years of age...**” HFS was responsible for establishing the “medical services available, standards for eligibility and other conditions of participation,” by administrative rule.

The bill was signed into law in June 2020, creating Public Act 101-636. Following passage of the law, HFS submitted rules for the Health Benefits for Immigrant Seniors (HBIS) program to the Joint Committee for Administrative Rules. Those rules (89 Ill. Adm. Code 118.710) were approved and became effective December 11, 2020. Those rules also established a process to apply to the program, to determine a person’s monthly income, to appeal a denial of an application or termination of coverage, and to renew eligibility.

In June 2021, the Illinois General Assembly passed Senate Bill 2017, which added 305 ILCS 5/12-4.35(a-6) to the Public Aid Code. This amendment stated that HFS “may provide medical services to noncitizens **55 years of age through 64 years of age...**” The Governor signed the bill into law on June 17, 2021, creating Public Act 102-0016.

In April 2022, the Illinois General Assembly passed House Bill 4343, which added 305 ILCS 5/12-4.35(a-7) to the Public Aid Code. This amendment stated that HFS may provide medical services to noncitizens **ages 42 through 54**. In June 2022, the Governor signed the bill into law, creating Public Act 102-1037.

After Public Act 102-0016 and Public Act 102-1037 were enacted, HFS submitted rules for the Health Benefits for Immigrant Adults (HBIA) program to the Joint Committee on Administrative Rules. The rules (89 Ill. Adm. Code 118.810), pursuant to Public Act 102-0016 and Public Act 102-1037, took effect March 25, 2022, and June 30, 2022, respectively.

According to HFS, prior to the enactment of Public Act 102-0016 and Public Act 102-1037, medical assistance was available under the following eligibility categories with federal match regardless of immigration status: pregnant people are provided with federally-matched coverage under the CHIP “unborn child” option, coverage for 12 months postpartum is provided with federal match under a CHIP Health Services Initiative, and emergency services, including labor and delivery, are provided with federal match under Illinois’ Emergency Medical for Noncitizens program. Illinois also is able to claim federal match for emergency services provided under HBIS/HBIA and All Kids under the federal requirement to provide emergency medical services for noncitizens regardless of immigration status.

HBIS and HBIA Programs

In 2020, Illinois began to expand healthcare coverage to noncitizen immigrants. The first expansion, the Health Benefits for Immigrant Seniors (HBIS) program, began in December 2020, and covered adult seniors 65 years of age and older. The second expansion began in May 2022 and covered immigrant adults between the ages of 55 and 64. The most recent expansion began in July 2022 and covered immigrant adults between the ages of 42 and 54. These two expansions are both part of the Health Benefits for Immigrant Adults (HBIA) program.

According to HFS officials, these programs began as entirely State-funded programs, and federal reimbursement was requested later for emergency services. After discussions with the federal Centers for Medicare & Medicaid Services (CMS) on allowable claiming methodologies for Emergency Medical for Noncitizens, system programming, and work with HFS actuaries, HFS began federal claiming for emergency services for the HBIS and HBIA programs effective March 2024. Federal CMS allows states to claim federal match up to two years retroactively, so HFS submitted a claim covering April 2022 through March 2024 to draw down two years of federal match on previously provided emergency services for HBIS and HBIA enrollees. Federal match dollars are used to support the coverage costs of the HBIS and HBIA programs.

According to HFS, there is no one division or bureau that has oversight of the HBIS and HBIA programs. The programs operate under the Division of Medical Programs and the Division of Medical Eligibility. According to HFS, eligibility issues are handled by the Division of Medical Eligibility and other policy issues are managed by the Division of Medical Programs. As noted previously, at the onset, these programs were entirely State-funded. However, HFS officials noted that the Department began requesting federal reimbursement for emergency services and several other services but were not sure when the policy was implemented.

Health Benefits for Immigrant Seniors Program Initial Requirements

In December 2020, pursuant to 305 ILCS 5/12-4.35(a-5), HFS expanded coverage to noncitizen seniors age 65 and over who did not meet immigration status for Medicaid. According to HFS, those covered under this program were required to meet six eligibility requirements:

1. be 65 years old or older;
2. be an Illinois resident;
3. not be a U.S. citizen;
4. not be eligible for health benefits through Medicaid due to immigration status (noncitizen status does not meet the criteria for Medicaid);
5. income is at or below 100% of the federal poverty level (FPL); if income is above the 100% FPL limit, the individual will be considered for spenddown; and

6. have non-exempt assets at or below the Aid to the Aged Blind and Disabled (AABD) asset threshold. If over the asset limit, the individual will be considered for spenddown.

The AABD asset threshold was initially \$2,000 for an individual, \$3,000 or less for 2 people, plus \$50 for each additional household member. Effective May 5, 2023, the AABD asset threshold is \$17,500 per household.

Health Benefits for Immigrant Adults Program Initial Requirements

According to HFS, to advance its vision for healthcare equity, in 2022, the State of Illinois committed to provide medical coverage to adults ages 42-64 regardless of their immigration status. As part of its mission, HFS developed the program to “produce positive outcomes for our customers, address the social and structural determinants of health and foster the well-being of the Illinoisans we serve.”

Adults Ages 55-64

In May 2022, pursuant to 305 ILCS 5/12-4.35(a-6), HFS expanded coverage available to noncitizen adults with the passage of the Health Benefits for Immigrant Adults program. The program was made available to noncitizens ages 55 through 64 years old, who were not previously eligible for medical coverage in the State of Illinois.

Adults Ages 42-54

In July 2022, pursuant to 305 ILCS 5/12-4.35(a-7), the Health Benefits for Immigrant Adults program was expanded to begin at age 42 for those who were not otherwise eligible for medical coverage in the State of Illinois. This expansion allows for the program to cover ages 42 through 54.

According to HFS, those covered under this program during the audit period were required to meet following eligibility requirements:

1. be at least 42 years old and must not be over age 64;
2. be either a lawful permanent resident for less than five years or be an undocumented immigrant;
3. be a resident of Illinois; and
4. have an annual 2022 household income at or below \$18,754 for one person; at or below \$25,268 combined for a household of two. This income limit is based on percentage of federal poverty level and differs depending on the number of household members and income.

Recent Changes to the HBIS and HBIA Programs

Temporary Enrollment Pause

To ensure program costs did not exceed the funds available for fiscal year 2024, HFS paused enrollment for both the HBIS and HBIA programs. HBIA program enrollment was paused effective July 1, 2023, and HBIS program enrollment was paused effective November 6, 2023. Individuals already enrolled in the programs remained eligible and will continue to be covered.

Redetermination Process for HBIS and HBIA

The majority of the redeterminations began for HBIS and HBIA enrollees on April 1, 2024; however, there were some enrollees redetermined as early as May 1, 2023. Effective May 1, 2024, HFS began to close ineligible cases for enrollees who no longer met eligibility requirements. According to HFS officials, these actions were also taken to ensure program costs did not exceed funds.

According to HFS, redeterminations ensure that enrollee eligibility for these healthcare programs is consistently evaluated, and the agency is committed to ensuring that individuals who remain eligible for coverage stay covered through the redetermination process. HFS noted it was also committed to ensuring that individuals who are no longer eligible for benefits, whether those are Medicaid or HBIS/HBIA benefits, receive helpful information about their options, so they can connect to alternative coverage.

Referring Legal Permanent Residents to Other Programs

During these redetermination reviews, HFS also changed the eligibility standards for the HBIS/HBIA programs and referred all legal permanent residents to other programs for which they were eligible. According to HFS, this measure was taken to contain costs in the programs leading into FY25. Legal permanent residents were referred to the following:

- **Medicaid** – Legal permanent residents who have been in the United States for over five years may qualify for Medicaid coverage and were to transition to Medicaid in May 2024, as long as eligibility requirements were met. Customer services will remain consistent and will be eligible for federal matching funds.
- **Affordable Care Act** – Legal permanent residents who have been in the United States for less than five years will be removed from the programs and referred to the Affordable Care Act (ACA) Health Insurance Marketplace, which provides subsidies to noncitizens who are lawfully present in the country. HFS will encourage and assist affected HBIS/HBIA members with enrolling in an ACA Health Insurance Marketplace plan and is working with the Illinois Department of Insurance to ensure that Navigators can assist individuals with enrolling in coverage.

Administrative Rule Change for HBIS and HBIA Program Eligibility

Effective March 8, 2024, and refiled on August 5, 2024, 89 Ill. Adm. Code 118.710 and 118.810 related to eligibility for health benefits for immigrant seniors and adults were amended by emergency rules. The emergency rules specifically made the following individuals **ineligible** for HBIS and HBIA:

- a person lawfully admitted for permanent residence under the Immigration and Nationality Act who lawfully resided in the United States for five years or more; and
- effective May 1, 2024, a person lawfully admitted for permanent residence under the Immigration and Nationality Act, regardless of length of residency.

Requirements for the Health Benefits for Immigrant Seniors Program

According to HFS, the requirements to be eligible for HBIS moving forward are the following:

1. age 65 years old or older;
2. a resident of Illinois;
3. not a U.S. citizen;
4. not eligible for health benefits through Medicaid due to immigration status (noncitizen status does not meet the criteria for Medicaid);
5. not a person lawfully admitted for permanent residence under the Immigration and Nationality Act who has lawfully resided in the United States for five years or more;
6. income is at or below 100% FPL; if income is above the 100% FPL limit, the individual will be considered for spenddown; and
7. have non-exempt assets at or below \$17,500 per household. If over the asset limit, the individual will be considered for spenddown.

Requirements for the Health Benefits for Immigrant Adults Program

According to HFS, the requirements to be eligible for HBIA moving forward are the following:

1. be at least 42 years old and must not be over age 64;
2. a resident of Illinois;
3. not a U.S. citizen;
4. not eligible for health benefits through Medicaid due to immigration status (noncitizen status does not meet the criteria for Medicaid);
5. not a person lawfully admitted for permanent residence under the Immigration and Nationality Act who has lawfully resided in the United States for five years or more; and
6. income is at or below 100% FPL.

As a result of these changes, a lawful permanent resident in the country for less than five years is no longer eligible for either HBIS or HBIA. Additionally, per the new redetermination process, HFS removed lawful permanent residents in the country for more than 5 years and enrolled them in Medicaid. This all occurred while the program enrollment for new enrollees was paused.

Initial HBIS and HBIA Program Enrollment and Cost Estimates

Actual enrollment and actual costs exceeded the initial program estimates for both the HBIS and HBIA programs. For the most recent enrollment year for each program, enrollment estimates were lower than the actual enrollment figures. In FY23 for HBIS, the initial estimated enrollees were 6,700, while the actual number enrolled was 15,831. In FY23 for HBIA (55-64), the initial estimated enrollees were 8,000, while the actual number enrolled was 17,024. In FY23 for HBIA (42-54), the initial estimated enrollees were 18,800, while the actual number enrolled was 36,912.

The initial cost estimates for HBIS for fiscal years 2021, 2022, and 2023 totaled \$224.0 million, while the actual total cost was \$412.3 million or 84 percent higher. The initial cost estimates for HBIA (55-64) for fiscal years 2021, 2022, and 2023 totaled \$58.4 million, while the actual total cost was \$223.1 million or 282 percent higher. The initial cost estimates for HBIA (42-54) for fiscal years 2021, 2022, and 2023 totaled \$68.0 million, while the actual total cost was \$262.2 million or 286 percent higher.

Legislative Audit Commission Resolution Number 165 asked auditors to review HFS’ initial program enrollment and cost estimates for fiscal years 2021, 2022, and 2023 for Medicaid services for undocumented immigrants. Auditors requested this information from HFS and were provided mainly emails and written responses as support. According to the information provided, the initial enrollee and cost estimates for the HBIS and HBIA programs were significantly lower than the actual number of program enrollees and actual costs. These estimates are discussed in the following sections by program.

Enrollment and Cost Estimates for the HBIS (65+) Program

When the Illinois General Assembly passed the HBIS program in spring 2020, the General Assembly provided initial cost and enrollment estimates for the program to HFS for FY21. According to HFS, these initial estimates were provided to the General Assembly from advocacy groups. Documentation provided by HFS stated the following: “The initial assumptions were from the [General Assembly] but once HFS began implementing the program we began to observe that actual

utilization deviated from [the General Assembly] and advocate estimates.” HFS did not use the General Assembly’s initial enrollment estimate of 412 for budget projections, according to written responses from the HFS. HFS developed estimates for FY21 during the initial six months of the program.

The HBIS program for immigrants aged 65 and older began in December 2020. As shown in **Exhibit 1**, both the enrollees and

Exhibit 1 ESTIMATED AND ACTUAL ENROLLEES AND COSTS For HBIS (65+)				
Fiscal Year	Enrollees		Cost	
	Estimated	Actual ¹	Estimated	Actual
FY21 ²	412	6,884	\$4,000,000	\$67,315,847
FY22	6,700	11,362	\$110,000,000	\$134,191,976
FY23	6,700	15,831	\$110,000,000	\$210,783,631
Totals	-	-	\$224,000,000	\$412,291,454

¹ Actual enrollment is as of June 30.
² The cost and enrollment estimate was provided to the General Assembly from advocacy groups.
 Source: Illinois Department of Healthcare and Family Services.

costs exceeded the estimates. For FY21, the initial enrollment estimate provided to the General Assembly from advocacy groups was 412 enrollees, while the actual enrollment was 6,884. The cost estimate for FY21 was \$4.0 million, while the actual cost was \$67.3 million. For FY22, the initial enrollment estimate was 6,700 enrollees, while the actual enrollment was 11,362. The cost estimate for FY22 was \$110.0 million, while the actual cost was \$134.2 million. For FY23, the initial enrollment estimate was 6,700 enrollees, while the actual enrollment was 15,831. The cost estimate for FY23 was \$110.0 million, while the actual cost was almost \$210.8 million. The initial cost estimates for HBIS for fiscal years 2021, 2022, and 2023 totaled \$224.0 million, while the actual total cost was \$412.3 million or 84 percent higher.

Enrollment and Cost Estimates for the HBIA (55-64) Program

In June 2021, the Illinois General Assembly passed a second expansion of medical services to noncitizen immigrants who are ages 55 to 64. The HBIA program for immigrants ages 55 to 64 began in May 2022. Beginning with the

Exhibit 2 ESTIMATED AND ACTUAL ENROLLEES AND COSTS For HBIA (55-64)				
Fiscal Year	Enrollees		Cost	
	Estimated	Actual ¹	Estimated	Actual
FY21	n/a	n/a	n/a	n/a
FY22	8,000	6,675	\$14,600,000	\$33,875,008
FY23	8,000	17,024	\$43,800,000	\$189,184,491
Totals	-	-	\$58,400,000	\$223,059,499

¹ Actual enrollment is as of June 30.
Source: Illinois Department of Healthcare and Family Services.

FY22 budget, HFS based its enrollment and cost estimates on the projections developed by its contracted actuarial firm, Milliman, and data available through the American Community Survey. According to HFS, the American Community Survey is an ongoing survey managed by the U.S. Census Bureau that includes social, economic, housing, and demographic characteristics on the

U.S. population. As shown in **Exhibit 2**, the actual costs exceeded the estimated costs. For FY22, the initial enrollment estimate was 8,000, and the actual enrollment was 6,675. For FY23, the actual number of enrollees was 17,024 which exceeded the estimated number of 8,000 enrollees. The cost estimate for FY22 was \$14.6 million, while the actual cost was \$33.9 million. The cost estimate for FY23 was \$43.8 million, while the actual cost was almost \$189.2 million. The initial cost estimates for HBIA (55-64) for fiscal years 2021, 2022, and 2023 totaled \$58.4 million, while the actual total cost was \$223.1 million or 282 percent higher.

Enrollment and Cost Estimates for the HBIA (42-54) Program

In April 2022, the Illinois General Assembly passed the most recent medical services expansion for noncitizen immigrants who are ages 42 to 54. The HBIA program for immigrants ages 42 to 54 began in July 2022. Beginning with the

Exhibit 3
ESTIMATED AND ACTUAL ENROLLEES AND COSTS
 For HBIA (42-54)

Fiscal Year	Enrollees		Cost	
	Estimated	Actual ¹	Estimated	Actual
FY21	n/a	n/a	n/a	n/a
FY22 ²	-	5,823	-	\$18,655,030
FY23	18,800	36,912	\$68,000,000	\$243,581,692
Totals	-	-	\$68,000,000	\$262,236,722

¹ Actual enrollment is as of June 30.

² The program did not begin until July 1, 2022 (FY23). According to HFS, the enrollees in the program in FY22 were due to the 90-day retroactive coverage and applicant or worker error.

Source: Illinois Department of Healthcare and Family Services.

FY22 budget, HFS based its enrollment and cost estimates on the projections developed by its contracted actuarial firm, Milliman, and data available through the American Community Survey. As shown in **Exhibit 3**, both the enrollees and costs exceeded the estimates for FY23. For FY23, the initial enrollment estimate was 18,800, while the actual enrollment was 36,912. The cost estimate for FY23 totaled \$68.0 million, while the actual cost was \$243.6 million. The initial cost estimates

for HBIA (42-54) for fiscal years 2021, 2022, and 2023 totaled \$68.0 million, while the actual total cost was \$262.2 million or 286 percent higher.

According to HFS emails, HFS derived the estimate of 18,800 enrollees using an internal calculation based on the annual enrollment estimate for ages 35 to 44, which was 18,000 people, and the annual enrollment estimate for ages 45 to 54, which was 11,000 people. According to HFS emails, HFS derived the estimate of \$68 million using an internal calculation based on the annual cost estimate of ages 35 to 44, which was \$79.3 million, and the annual cost estimate of ages 45 to 54, which was \$43.5 million.

There were 5,823 people enrolled in the program during FY22 for a cost of \$18.65 million even though the program did not begin until July 1, 2022 (FY23). According to HFS, 5,804 of those were due to the program’s 90-day retroactive coverage, and the other 19 were due to applicant or worker error.

HBIS and HBIA Program Enrollment and Cost

In FY21, 6,884 individuals were enrolled in HBIS. HBIS enrollment increased to 11,362 in FY22, 15,831 in FY23, and decreased to 11,464 in FY24. The HBIA (55-64) enrollment increased from 6,675 in FY22, to 17,024 in FY23, before decreasing to 13,596 in FY24. The HBIA (42-54) enrollment increased from 5,823 in FY22, to 36,912 in FY23, before decreasing to 27,941 in FY24. According to HFS officials, the FY24 numbers exclude those who have been removed from the programs due to redetermination or due to the change in eligibility that removed legal permanent residents from the programs.

In total from FY21 through FY23, the expanded programs for immigrant seniors and adults cost just under \$898 million. The cost for all three levels increased greatly in FY23. The HBIA (42-54) level was the largest and most costly in FY23 at \$244 million. The HBIS (65+) level cost \$211 million, and the HBIA (55-64) level cost \$189 million in FY23. The cost for FY24 increased from FY23. In FY24, the HBIA (42-54) level was the most costly at almost \$312 million. The HBIS (65+) level cost \$211 million, and the HBIA (55-64) level cost \$196 million in FY24.

Auditors looked at costs by the category of services. For fiscal years 2021, 2022, and 2023, the three largest costs were for outpatient services, inpatient hospital services, and pharmacy services. Beginning in FY24 with the conversion to managed care, capitation payments became the largest cost at \$265 million. Outpatient services (\$145 million), inpatient hospital services (\$94 million), and pharmacy services (\$106.8 million) were the next highest costs. The total cost for the HBIS and HBIA programs since inception was just over \$1.6 billion.

According to HFS, the redetermination process reviewed 64,244 HBIS and HBIA enrollees. HFS removed a total of 21,362 HBIS and HBIA enrollees as of January 2025. In total, 19,872 were removed from HBIS and HBIA for eligibility or procedural reasons, which involved not responding to redetermination requests. Additionally, another 1,490 were removed and were enrolled in another program.

Legislative Audit Commission Resolution Number 165 asked auditors to review the actual program enrollment numbers and amount of money expended for fiscal years 2021, 2022, and 2023 for Medicaid services for undocumented immigrants. The Resolution also asked auditors the cost for each level of expansion of Medicaid services for undocumented immigrants for fiscal years 2021, 2022, and 2023, and for the cost by category of service for Medicaid services for undocumented immigrants for fiscal years 2021, 2022, and 2023.

As specified in the Resolution, auditors requested information from HFS for fiscal years 2021, 2022, and 2023. Due to the timing of the audit work, we also requested information for FY24.

HBIS and HBIA Program Enrollment by Expansion Level

For FY21, the only open enrollment was for the HBIS program, which began on December 1, 2020. As shown in **Exhibit 4**, 6,884 individuals were enrolled in HBIS in FY21. The Exhibit also shows that the total enrollment increased to 23,860 with the expansion to HBIA in FY22. After a full year of HBIA, the total expansion enrollment increased to 69,767 in FY23. The 42-54 age group was the

largest group in FY23 totaling 36,912 enrollees or 53 percent of all expansion enrollees. The 42-54 age group was also the largest group in FY24 totaling 27,941 enrollees or 53 percent of all expansion enrollees. According to HFS officials, the FY24 numbers do not include those who have been removed from the program due to redetermination or due to the change in eligibility that removed legal permanent residents from the program.

Exhibit 4
ENROLLEES BY EXPANSION LEVEL
 As of June 30

Expansion Level	FY21	FY22	FY23	FY24 ⁴
HBIS (65+) ¹	6,884	11,362	15,831	11,464
HBIA (55-64) ²	n/a	6,675	17,024	13,596
HBIA (42-54) ³	n/a	5,823	36,912	27,941
Totals	6,884	23,860	69,767	53,001

¹Effective December 1, 2020.

²Effective May 1, 2022.

³Effective July 1, 2022.

⁴The FY24 numbers exclude those who have been removed from the program due to redetermination or due to the change in eligibility that removed legal permanent residents from the program.

Source: Department of Healthcare and Family Services.

Impact of Redeterminations on Enrollment for FY24

The majority of the redeterminations began for HBIS and HBIA enrollees on April 1, 2024. According to HFS officials, cost containment measures were also conducted simultaneously. Effective May 1, 2024, HFS begin to close ineligible cases for enrollees who no longer met eligibility requirements. Redeterminations occurred while enrollment was still paused. As a result, enrollment decreased by 16,766 (24%) from 69,767 in FY23 to 53,001 in FY24. There were several reasons that enrollees were deemed ineligible for HBIS or HBIA, which included: increased income above the allowable threshold, moving out of Illinois, being

transitioned to either Medicaid or the ACA, or death of the enrollee.

Auditors requested the number of enrollees who were removed from the program who no longer met the eligibility requirements.

According to HFS, the redetermination process reviewed 64,244 HBIS and HBIA enrollees. As seen in **Exhibit 5**, HFS removed a total of 21,362 HBIS and HBIA enrollees as of January 2025. HFS removed 7,687 enrollees who were “ineligible.” HFS noted that ineligible consists of individuals who had too much income, moved out of

Exhibit 5
ENROLLEES REMOVED FROM HBIS AND HBIA DUE TO REDETERMINATIONS
 As of January 2025

Reason Removed	Number Removed
Procedural	12,185
Ineligible	7,687
Moved to Other Program	1,490
Total	21,362

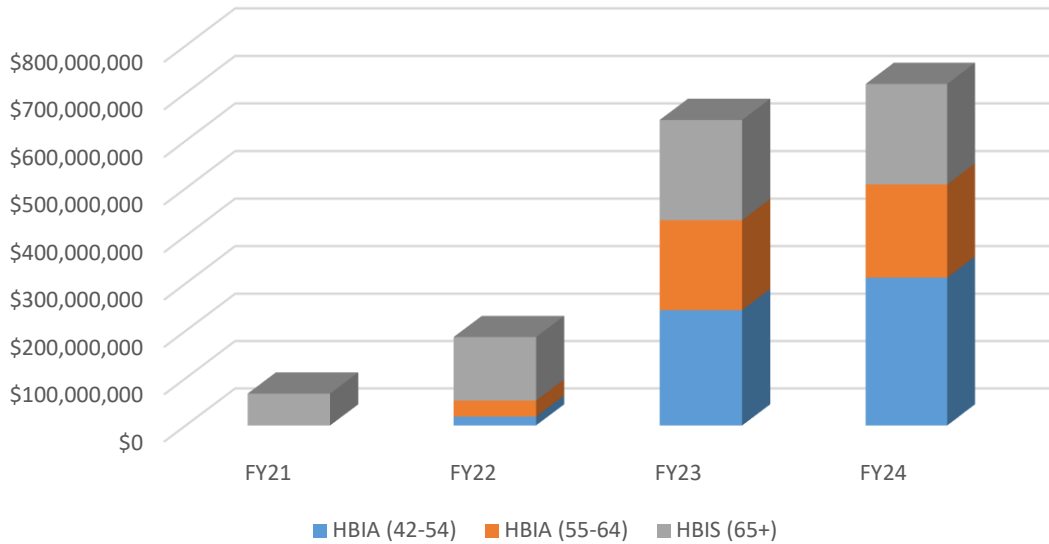
Source: Illinois Department of Healthcare and Family Services.

Illinois, or died. Another reason for removal was due to “procedural” reasons, which involved not responding to redetermination requests. There were 12,185 enrollees removed due to not responding to redetermination requests. Therefore, 19,872 were removed from HBIS and HBIA for eligibility or procedural reasons. Additionally, another 1,490 were removed and were enrolled in another program.

HBIS and HBIA Program Cost for Services Provided by Expansion Level

Auditors requested from HFS the cost information for services provided for fiscal years 2021, 2022, and 2023. In total from FY21 through FY23, the expanded programs for immigrant seniors and adults cost just under \$898 million. The cost for all three levels increased greatly in FY23. As shown in **Exhibit 6**, the HBIA (42-54) level was the largest and most costly in FY23 at \$244 million. The HBIS (65+) level cost \$211 million, and the HBIA (55-64) level cost \$189 million in FY23. The cost for FY24 increased from FY23. In FY24, the HBIA (42-54) level was the most costly at almost \$312 million. The HBIS (65+) level cost \$211 million, and the HBIA (55-64) level cost \$196 million in FY24.

Exhibit 6
COSTS FOR SERVICES PROVIDED BY EXPANSION LEVEL
 By Fiscal Year



Expansion Level	FY21	FY22	FY23	FY24 ⁴	Totals
HBIS (65+) ¹	\$67,315,847	\$134,191,976	\$210,783,631	\$211,299,068	\$623,590,522
HBIA (55-64) ²	n/a	\$33,875,008	\$189,184,491	\$196,000,229	\$419,059,728
HBIA (42-54) ³	n/a	\$18,655,030	\$243,581,692	\$311,955,925	\$574,192,647
Totals⁵	\$67,315,847	\$186,722,013	\$643,549,815	\$719,255,222	\$1,616,842,897

¹Effective December 1, 2020.

²Effective May 1, 2022.

³Effective July 1, 2022.

⁴The FY24 numbers exclude those who have been removed from the program due to redetermination or due to the change in eligibility that removed legal permanent residents from the program.

⁵ Totals may not add due to rounding.

Source: Illinois Department of Healthcare and Family Services.

HBIS and HBIA Program Costs by Category of Service

Auditors also reviewed costs by the category of services as required by Legislative Audit Commission Resolution Number 165. As shown in **Exhibit 7**, for fiscal years 2021, 2022, and 2023, the three largest costs were for outpatient services, inpatient hospital services, and pharmacy services. Beginning in FY24 with the conversion to managed care, capitation payments (managed care payments) became the largest cost at \$265 million. Outpatient services (\$145 million), inpatient hospital services (\$94 million), and pharmacy services (\$106.8 million) were the next highest costs. The total cost for the HBIS and HBIA programs since inception through the end of FY24 was just over \$1.6 billion.

According to HFS, capitation payments are paid to Managed Care Organizations to provide services that include costs for all services provided, such as outpatient

services, inpatient hospital, and pharmacy services. It is paid as capitation rather than as fee-for-service. The FY24 costs, other than for capitation payments in **Exhibit 7**, are for the fee-for-service program. Capitation payments are Per Member Per Month (PMPM) payments to the Managed Care Organizations to cover services and administration, including care coordination.

Exhibit 7
HBIS AND HBIA PROGRAM TOP 10 COSTS BY CATEGORY OF SERVICE BY FISCAL YEAR
 In Millions

Category of Service	FY21	FY22	FY23	FY24	Totals
Outpatient Services (General)	\$20.5	\$47.3	\$225.9	\$145.0	\$438.7
Inpatient Hospital Services (General)	27.6	70.7	185.7	94.0	377.9
Capitation Payments (Managed Care)	0.6	1.3	0.5	265.0	267.4
Pharmacy Services (Drug and OTC)	5.8	27.0	97.8	106.8	237.3
General Clinic Services	4.6	12.5	39.2	27.5	83.7
Physician Services	2.6	9.0	34.5	27.2	73.3
Homemaker	2.1	5.8	8.9	9.0	25.7
Outpatient Services (End-Stage Renal Disease)	0.8	2.8	10.2	10.3	24.0
Emergency Ambulance Transportation	0.7	2.9	10.2	9.3	23.0
Dental Services	0.1	0.5	5.7	5.3	11.6
All Others	2.1	7.0	25.0	20.0	54.1
Totals	\$67.3	\$186.7	\$643.5	\$719.3	\$1,616.8

Note: Totals do not add due to rounding.

Source: Illinois Department of Healthcare and Family Services.

Enhanced Rates for Inpatient Reimbursement

Inpatient reimbursement through fee-for-service payments for services provided within the Cook County Health and Hospital System or the University of Illinois hospital system are subject to enhanced rates established by HFS by rule (see 89 IL Adm. Code 148.160 and 148.170).

According to HFS, enhanced rates for inpatient reimbursement are used to leverage federal resources to reduce the tax burden for Cook County and the State of Illinois, which operate the hospitals receiving enhanced rates. Ultimately this reduces the potential burden on tax payers in funding these hospital services. According to HFS, the rates paid for HBIS and HBIA to enhanced rate hospitals are the same as is paid for Medicaid.

According to HFS, claims for these enhanced rates come in with a diagnosis-related groups (DRG) code. Software is used to pick the DRG based diagnosis code and the claim is put into a related group. Each group is assigned a relative weight assigned to the DRG code. This DRG weight is multiplied by the base rate for each hospital to determine the payment. HFS also noted if the costs skyrocket for a patient, there are additional outlier payments. **In FY23, there were 77,659 admissions to the enhanced rate hospitals for HBIS and HBIA with claims totaling \$247.9 million.**

Legislative Audit Commission Resolution Number 165 asked auditors to examine inpatient reimbursement through fee-for-service payments for undocumented immigrants using enhanced rates. Inpatient reimbursement through fee-for-service payments for services provided within the Cook County Health and Hospital System or the University of Illinois hospital system are subject to enhanced rates established by HFS by rule (see 89 IL Adm. Code 148.160 and 148.170). HFS clarified that these payments are not fee-for-service payments that are made for each specific service provided. These payments are made via diagnosis-related groups (DRG), which multiplies a relative weight assigned to each claim by a base rate for a few hospitals from Cook County and the University of Illinois. According to HFS, there is a “longstanding arrangement with both the Cook County Health and Hospital System and the University of Illinois hospital system to establish various intergovernmental transfers between the state and those entities and pay those entities enhanced rates utilizing some of the federal match for those enhanced payments.” According to HFS, enhanced rates for inpatient reimbursement are used to leverage federal resources to reduce the tax burden for Cook County and the State of Illinois, which operate the hospitals receiving enhanced rates. Ultimately this reduces the potential burden on tax payers in funding these hospital services. **HFS noted that the rates paid for HBIS and HBIA to enhanced rate hospitals are the same as is paid for Medicaid.**

According to HFS, inpatient acute care claims for all hospitals including those with enhanced rates are billed with diagnosis and procedure codes that depict the inpatient stay. Software is used to pick the DRG based on this information. Each DRG group is assigned a relative weight according to national data on resource consumption for services assigned to each group. This DRG weight is multiplied by the base rate for each hospital to determine the payment. HFS also noted if the costs skyrocket for a patient, there are additional outlier payments. An example

of this could be an individual who has a surgery that requires additional time in the hospital due to complications. **In FY23, there were 77,659 admissions to the enhanced rate hospitals for HBIS and HBIA with claims totaling \$247.9 million.**

Auditors asked HFS officials for the rates paid to these hospitals for FY21, FY22, and FY23. HFS noted that hospitals have different rates of reimbursement, and the difference in question is the difference between JH Stroger Hospital of Cook County along with University of Illinois Hospital and a peer hospital in the Chicago area. Stroger and the University of Illinois hospitals' rates are based on their cost while peer hospital rates are not. **Exhibit 8** shows the base rates for the enhanced rate hospitals and for the other peer Cook County hospitals for FY21, FY22, and FY23.

Exhibit 8
BASE RATES FOR ENHANCED RATE HOSPITALS¹
 Fiscal Years 2021, 2022, and 2023

Enhanced Rate Hospital	FY21	FY22	FY23
JH Stroger	\$11,093.26	\$10,667.67	\$10,818.88
Provident ²	\$25,998.90	\$22,528.45	\$18,449.73
University of Illinois	\$7,158.90	\$11,258.06	\$12,387.41
Cook County Peer	\$3,552.25	\$3,552.25	\$3,700.23

¹According to HFS, this is not how much they get paid per visit, but instead is the base rate used in the calculations for that amount, which takes into account relative weights assigned to the inpatient diagnosis.

²Provident's base rates are higher due to lower volume at that facility.

Source: Illinois Department of Healthcare and Family Services.

Transition to Managed Care

As the HBIS and HBIA programs transitioned from fee-for service charges to managed care, enrollees in HBIS and HBIA were expected to be fully integrated into managed care by April 2024. **Exhibit 9** shows the number of HBIS and HBIA program members enrolled in Managed Care Organizations (MCOs) by month. As of April 2024, 14,753 had been enrolled in HBIS and 47,064 have been enrolled for HBIA. These numbers decreased in each of the following two months as HFS performed redeterminations, which removed ineligible enrollees and moved legal permanent residents into Medicaid and the ACA.

Exhibit 9

MANAGED CARE ENROLLMENT BY MONTH BY EXPANSION LEVEL

Expansion Level	Jan 24	Feb 24	March 24	April 24	May 24	June 24
HBIA (All)	13,350	26,856	38,045	47,064	41,845	39,924
HBIS	3,257	5,916	10,506	14,753	11,120	10,829
Totals	16,607	32,772	48,551	61,817	52,965	50,753

Note: Per HFS, “reported enrollment declines from April to May 2024 reflect closures of ineligible customers and the movement of legal permanent residents over five years to Medicaid enrollment as reflected in the FY24-FY25 HBIA/HBIS budget plan.”

Source: Illinois Department of Healthcare and Family Services.

According to HFS, managed care offers a full range of healthcare services while helping coordinate healthcare through care coordination. When an individual enrolls in a managed care plan, they become a member of that health plan. The only exception to this integration are enrollees who have comprehensive private insurance or spenddown, as well as enrollees who are covered by CountyCare, which covers enrollees who reside in Cook County. These enrollees will remain in fee-for-service billing. HFS’s decision to transition from fee-for-service to managed care is part of its implementation of cost-saving measures to bring program costs within the budgeted amount for FY24. An additional cost-saving measure is its new implementation of copays.

Most services made available to HBIS and HBIA enrollees are free through their respective benefits. Free HBIS and HBIA medical services include:

- primary care visits;
- prescription drugs;
- dental and vision services; and
- vaccinations.

Copayments for Non-Emergency Services

Beginning in February 2024, HFS adjusted its HBIS and HBIA services to include copayments for specific non-emergency services. Which services require copayments, as well as the amount of money required from an enrollee for these

services, vary depending on which healthcare plan an enrollee selects. According to HFS, medical services that may now require copayment are:

- non-emergency inpatient hospitalization (copayment \$250); and
- hospital or ambulatory surgical treatment center outpatient services (copayment 10% of the Department rate).

No copayment or cost sharing can be charged for an emergency service needed to evaluate or stabilize an emergency medical condition. An emergency medical condition is a condition with symptoms that are severe and painful enough that a reasonable person would think they are life threatening and need immediate medical care.

While there are certain outpatient services that can be covered in full through HBIS and HBIA managed care, those services are not comprehensive and also depend on which healthcare provider an enrollee selects. Many of the outpatient services that are not completely covered by managed care comprise a significant percentage of the overall costs of the HBIS and HBIA programs. For instance, if an enrollee were to have an elective surgery, they would be charged 10 percent of what Medicaid would pay the provider for that surgery. Receiving medical treatment for any non-emergency surgery could leave an enrollee paying 10 percent.

Review of HBIS and HBIA Program Eligibility Data

Auditors reviewed the eligibility data as of June 30, 2023, and identified 478 enrollees with two or more Recipient Identification Numbers. This was due to poor data entry and a lack of internal controls or system edits over the entry of this information.

During a review of the enrollment data, auditors identified 6,098 enrollees designated as “undocumented” who also had a Social Security Number. Auditors provided the 6,098 enrollees to HFS asking whether enrollees classified as undocumented enrollees should also have a Social Security Number in HFS’ eligibility data. HFS officials reviewed and provided responses for a sample of 94 enrollees. Auditors determined that 19 of the 94 should have been recorded in the system as lawfully present or as being a legal permanent resident, not undocumented. This is an important distinction as after five years in the country, legal permanent residents become eligible for Medicaid and thus the State would receive federal matching dollars.

Auditors identified 688 enrollees who were enrolled in the HBIS (65+) program who were not 65 years of age or above. These 688 exceptions were provided to HFS for comment. After HFS’s review of 151, it was determined that 79 were signed up in error. Many of the errors occurred from incorrect birthdates provided by the enrollee, which were later corrected when documentation was provided.

During a review of the enrollment data, auditors identified 394 enrollees who appeared to have been enrolled in HBIS or HBIA after they had been in the country legally for over five years. These individuals are eligible for Medicaid, thus the State would receive federal matching dollars. These exceptions were provided to HFS for review and comment. HFS reviewed a sample of 17 and determined that 13 were approved incorrectly. Allowing ineligible enrollees in State-only funded programs should be avoided when possible.

In order to review eligibility compliance with State law (305 ILCS 5/12-4.35), auditors requested HBIS and HBIA program enrollment data as of the end of fiscal year 2023 (June 30, 2023). Auditors were provided with a file that contained 74,040 enrollees. The data was analyzed to verify eligibility criteria for each program. Mainly, the age of the recipients was reviewed to ensure they met the requirement. Additionally, recipients who were legal permanent residents were reviewed to see if any were in the country longer than five years when signed up for HBIS or HBIA. These recipients would be eligible for Medicaid and would not require the State-only funded programs. Auditors also looked for duplicate enrollees (enrollees with multiple recipient identification numbers), and any other anomalies within the data.

Duplicate Enrollees

Auditors reviewed the eligibility data as on June 30, 2023, and identified 478

Auditors reviewed the eligibility data as on June 30, 2023, and identified 478 enrollees with two or more recipient identification numbers.

enrollees with two or more recipient identification numbers. This was due to poor data entry and a lack of internal controls or system edits over the entry of this information. Enrollees being issued more than one Recipient Identification Number increases the chance of fraud being committed. This could also result in

HFS paying multiple capitation payments for the Managed Care Organizations on the behalf of the same enrollee.

Auditors found 478 enrollees with two or more recipient numbers, and auditors recommend that these duplicate enrollees be removed from the Department’s eligibility system.

Duplicate Enrollees

RECOMMENDATION NUMBER

1

The Illinois Department of Healthcare and Family Services should review its eligibility data and the analysis conducted by auditors and should work with the Illinois Department of Human Services to remove any unnecessary duplicate enrollees to ensure fraudulent or duplicate payments are not made on their behalf.

HFS Response:

HFS accepts the recommendation of the Illinois Office of the Auditor General. HFS and DHS share responsibility for data accuracy at the time of enrollment for HBIA/S, as they do for all Medical Assistance programs. In partnership with DHS, HFS will strengthen our internal monitoring protocols for HBIA/S data to ensure that any enrollment inaccuracies are identified and resolved and that no duplicate payments are made.

Undocumented Enrollees with Social Security Numbers

During a review of the enrollment data, auditors identified 6,098 enrollees designated as “undocumented” who also had a Social Security Number. Auditors provided the 6,098 enrollees to HFS asking whether undocumented enrollees should have a Social Security Number. According to HFS, it is important to note that noncitizens who are authorized to work in the United States by the Department of Homeland Security often have a Social Security Number. Social Security Numbers are used to report a person’s wages to the government and to determine that person’s eligibility for Social Security benefits. According to HFS, a Social Security Number is needed to work, collect Social Security benefits, and receive other government services.

HFS officials reviewed 94 of the 6,098 enrollees and provided responses for those 94 enrollees. Auditors determined that 19 of the 94 should have been recorded in the system as lawfully present or as being a legal permanent resident, not undocumented. This is an important distinction as after five years in the country, legal permanent residents become eligible for Medicaid and thus the State would receive federal matching dollars. The review also found two enrollees whose names did not match the Social Security Numbers provided during enrollment.

Enrollees in HBIS Who are Less Than 65 Years of Age

During a review of the enrollment data, auditors identified 688 enrollees who were enrolled in the HBIS 65+ program who were not 65 years of age or above. These 688 exceptions were provided to HFS for comment. HFS conducted a review of 151 of the 688 exceptions, and it was determined that 79 of the 151 were signed up in error. Many of the errors occurred from incorrect birthdates

provided by the enrollee, which were later corrected when documentation was provided. HFS officials also noted that enrollees were eligible within 3 months of their 65th birthday, which eliminated 177 from the 688 exceptions. Allowing ineligible enrollees in HBIS, a State-only funded program should be avoided when possible. HFS should work to ensure better controls are in place to avoid ineligible enrollees.

Enrollees Potentially Eligible for Medicaid

During a review of the enrollment data, auditors identified 394 enrollees who appeared to have been enrolled in HBIS or HBIA after they had been in the country legally for over five years. These individuals are eligible for Medicaid, thus the State would receive federal matching dollars. These exceptions were provided to HFS for review and comment. HFS reviewed a sample of 17 and determined that 13 were approved incorrectly. Allowing ineligible enrollees in State-only funded programs should be avoided when possible. HFS should work to ensure better controls are in place to avoid ineligible enrollees.

Enrollees Potentially Eligible for Medicaid

RECOMMENDATION NUMBER

2

The Illinois Department of Healthcare and Family Services should work with the Illinois Department of Human Services to develop controls over eligibility determinations for the HBIS and HBIA programs to ensure ineligible individuals are not enrolled in violation of 305 ILCS 5/12-4.35. Additionally, HFS should seek federal reimbursement for any federal match lost due to the miscategorization of HBIS and HBIA enrollees who were otherwise eligible for federally funded programs.

HFS Response:

HFS accepts the recommendation of the Illinois Office of the Auditor General. Operationally, HFS and DHS share responsibility for eligibility determination at the time of enrollment for HBIA/S, as they do for all Medical Assistance programs. DHS employs the caseworkers who process HBIA/S enrollment both in person and through the online ABE system. In partnership with DHS, HFS will work to continue to educate case workers on how to accurately process eligibility determination for this population through additional training opportunities and policy notices. In addition, we will strengthen our internal monitoring protocols to ensure that any enrollment inaccuracies are identified and resolved quickly.

HFS will also evaluate any instances where individuals who were otherwise eligible for federally funded Medicaid services remained enrolled in HBIA/S. We will confer with the Centers for Medicare and Medicaid Services regarding proper claiming methodologies and where possible, we will seek federal reimbursement for these individuals.

Appendix A

LAC Resolution Number 165

Legislative Audit Commission

Resolution No 165
Presented by Representative Elik

WHEREAS, it was recently reported that the Department of Healthcare and Family Services (HFS) released information dated March 31, 2023 (Report) regarding updated enrollment and cost estimates related to Medicaid benefits for undocumented immigrant seniors and adults; and

WHEREAS, The Report highlights serious runaway costs in recent Medicaid expansions to undocumented immigrants; and

WHEREAS, The Report shows dramatic growth in undocumented immigrant participation which will require \$990 million in general revenue funds (GRF) to support the Medicaid Expansion in State Fiscal Year 2024; and

WHEREAS, Public Act 101-636 expanded Medicaid coverage to undocumented immigrants over the age of 65 as part of the Fiscal Year 2021 State Budget; and

WHEREAS, Preliminary cost estimates for this initial Medicaid expansion to undocumented immigrants over the age of 65 was estimated to be between \$70-\$100 million in State Fiscal Year 2021; and

WHEREAS, Public Act 102-16 expanded Medicaid coverage to undocumented immigrants for ages 55-64 as part of the Fiscal Year 2022 State Budget; and

WHEREAS, Initial cost estimates for this second Medicaid expansion to undocumented immigrants was estimated to be \$70-\$80 million for Fiscal Year 2022; and

WHEREAS, Public Act 102-1037 expanded Medicaid coverage to undocumented immigrants for ages 42-54 as part of the Fiscal Year 2023 State Budget; and

WHEREAS, Initial cost estimates for this third Medicaid expansion to undocumented immigrants was estimated to be \$70-\$80 million; and

WHEREAS, The recently released Report shows initial cost overruns in Fiscal Year 2021 related to the first expansion specifically stating that "In 2020, the Health Benefits for Immigrant Seniors (HBIS) program exceeded its appropriation in the first month of implementation"; and

WHEREAS, Original estimates for Fiscal Year 2023 included assumptions that 53,700 eligible undocumented immigrants would qualify for Medicaid coverage, with an assumed 33,500 enrolled into the program; and

WHEREAS, Actual active case enrollees through February 2023 was 51,914, which is 55% higher than original estimates for Fiscal Year 2023; and

WHEREAS, Fiscal Year 2024 estimates now show growth in Medicaid coverage for eligible undocumented immigrants totaling 108,400 over original Fiscal Year 2023 estimates, and enrollees totaling 65,000 over original Fiscal Year 2023 estimates, a 202% and 94% increase respectively; and

WHEREAS, The Report indicates that HFS' contracted actuarial firm, Milliman, originally projected the estimate for this Medicaid expansion will total \$221.8 million in Fiscal Year 2023, and then balloon to \$990 million in Fiscal Year 2024, which represents a \$768.2 million increase, equaling 346% year over year; and

WHEREAS, The State of Illinois receives federal matching Medicaid funds totaling no less than 50% of the total cost of coverage for citizens and legal residents of the United States; and

WHEREAS, Undocumented immigrants are ineligible for any federal Medicaid match resulting in State GRF being used to pay for the entirety of services provided; and

WHEREAS, The General Assembly believes there should be more transparency in how State funds are used to fund Medicaid, specifically Medicaid coverage that does not include federal matching funds; therefore, be it

RESOLVED, BY THE LEGISLATIVE AUDIT COMMISSION OF THE ONE HUNDRED THIRD GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that the Auditor General is directed to conduct a performance audit of HFS' administration of the program of Medicaid services and coverage provided to undocumented immigrants; and be it further

RESOLVED, that the audit include, but not be limited to, the following determinations:

1. A review of HFS' initial program enrollment and cost estimates for fiscal years 2021, 2022, and 2023 for Medicaid services for undocumented immigrants;
2. A review of the actual program enrollment numbers and amount of money expended for fiscal years 2021, 2022, and 2023 for Medicaid services for undocumented immigrants;
3. The cost for each level of expansion of Medicaid services for undocumented immigrants for fiscal years 2021, 2022, and 2023;
4. The cost by category of service for Medicaid services for undocumented immigrants for fiscal years 2021, 2022, and 2023;
5. An examination of inpatient reimbursement through fee-for-service payments for undocumented immigrants using enhanced rates; and be it further

RESOLVED, that the Department of Healthcare and Family Services and any other entity having information relevant to the audit cooperate fully and promptly with the Auditor General's Office in the conduct of this audit; and be it further

RESOLVED, that the Auditor General commence this audit as soon as possible and report his findings and recommendations upon completion in accordance with the provisions of Section 3-14 of the Illinois State Auditing Act; and be it further

RESOLVED, that a copy of this resolution be delivered to the Auditor General and the Department of Healthcare and Family Services.

Adopted this 7th day of November 2023

SIGNED ORIGINAL ON FILE

Senator Chapin Rose
Co-Chair, Legislative Audit Commission

SIGNED ORIGINAL ON FILE

Representative Fred Crespo
Co-Chair, Legislative Audit Commission

Appendix B

Audit Scope and Methodology

This audit was conducted in accordance with the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit objectives were delineated by Legislative Audit Commission Resolution Number 165, which directed the Auditor General to conduct a performance audit of the Department of Healthcare and Family Services' (HFS) Health Benefits for Immigrant Seniors (HBIS) and Health Benefits for Immigrant Adults (HBIA) programs. The Resolution contained five specific determinations (see Appendix A).

In conducting this audit, auditors reviewed applicable State statutes (305 ILCS 5) and rules (89 Ill. Adm. Code 118). Auditors also reviewed management controls and assessed risk related to HBIS and HBIA eligibility requirements, enrollment data, employee training, costs per service, and enhanced reimbursement rates. Auditors examined the five components of internal control – control environment, risk assessment, control activities, information and communication, and monitoring – along with the underlying principles. We considered all five components to be significant to the audit objectives. Any deficiencies in internal controls and monitoring that were significant within the context of the audit objectives are discussed in the body of the report. Auditors also held a fraud risk meeting to examine how the risk of fraud related to determinations made in Legislative Audit Commission Resolution Number 165.

In conducting this audit, auditors requested and reviewed specific documents and other information related to the HBIS and HBIA programs. These included emails, annual reports, digital enrollment data and monitoring files, initial cost estimates, and actual costs for expansions and specific medical services.

During this audit, auditors conducted interviews and phone conferences with HFS officials. Auditors met with HFS' Chief of Eligibility and Integrity to discuss eligibility fields required for testing HBIS and HBIA enrollment data. Auditors met with HFS' Medical Programs Deputy Administrator for Rates and Finance to discuss enhanced reimbursement rates for safety-net hospitals. Auditors also communicated with HFS's General Counsel, Medical Eligibility Division, and Internal Auditors on a continual basis via email, in-person meetings, and phone

conferences to request documentation, follow up on fieldwork data, and discuss exceptions as they related to the audit determinations.

As specified in the Audit Resolution, auditors requested: initial program enrollment and cost estimates for fiscal years 2021, 2022, and 2023; actual program enrollment numbers and amount of money expended from HFS for fiscal years 2021, 2022, and 2023; cost for each level of expansion of Medicaid services for undocumented immigrants for fiscal years 2021, 2022, and 2023; and cost by category of service for Medicaid services for undocumented immigrants for fiscal years 2021, 2022, and 2023. Due to the timing of the audit work, we also requested enrollment and cost information and category of service information for fiscal year 2024.

Review of HBIS and HBIA Eligibility Data

In order to review eligibility compliance with State law (305 ILCS 5/12-4.35), auditors requested HBIS and HBIA program enrollment data as of the end of fiscal year 2023 (June 30, 2023). Auditors were provided with a file that contained 74,040 enrollees. The data was analyzed to verify eligibility criteria for each program. Auditors reviewed the data and identified exceptions which were provided to HFS for its review and comment. These exceptions included duplicate enrollees, enrollees who had multiple Recipient Identification Numbers (RIN’s), enrollees who were classified as undocumented while having a Social Security Number (SSN), enrollees enrolled in HBIS while not being 65 or older, and enrollees in the HBIS and HBIA programs who had lived in the country for more than five years. HFS reviewed a sample of our exceptions, and provided responses for each group of exceptions. However, each exception group was reviewed in varied sizes, disproportionate to the size of the sample. Due to the inconsistent procedures for HFS’ selection of cases reviewed, the results of the testing cannot be projected to the entire population of HBIS and HBIA enrollees.

The date of the Exit Conference, along with the principal attendees are noted below:

Exit Conference		January 14, 2025
Agency	Name and Title	
Illinois Department of Healthcare and Family Services	<ul style="list-style-type: none"> • Dana Kelly, Chief of Staff • Jamie Nardulli, Chief Internal Auditor 	
Illinois Office of the Auditor General	<ul style="list-style-type: none"> • Scott Wahlbrink, Senior Audit Manager • Kody Freeman, Audit Supervisor • Sarah Mansur, Audit Staff • Will Londrigan, Audit Staff 	

Appendix C

Agency Responses

**HFS**Illinois Department of
Healthcare and Family Services**JB Pritzker, Governor****Elizabeth M. Whitehorn, Director**401 South Clinton Street
Chicago, Illinois 60607**Telephone:** +1-312-793-4792**TTY:** +1-800-526-5812

January 21, 2025

Honorable Frank J. Mautino
Auditor General
State of Illinois

Dear Auditor General Mautino:

The Department of Healthcare and Family Services (HFS) appreciates the work performed by your office in conducting the audit for Legislative Audit Commission Resolution 165 related to the HBIA/HBIS program.

Enclosed with this letter are detailed responses that address each of the recommendations.

If you have any questions or comments about our responses to the recommendations, please contact Amy Lyons, External Audit Liaison, at (217) 558-4347 or through email at amy.lyons@illinois.gov.

Sincerely,

SIGNED ORIGINAL ON FILEElizabeth M. Whitehorn
Director

Enclosures

E-mail: hfs.webmaster@illinois.gov**Internet:** <http://www.hfs.illinois.gov/>

RECOMMENDATION #1 – DUPLICATE ENROLLEES**RECOMMENDATION**

The Illinois Department of Healthcare and Family Services should review its eligibility data and the analysis conducted by auditors and should work with the Illinois Department of Human Services to remove any unnecessary duplicate enrollees to ensure fraudulent or duplicate payments are not made on their behalf.

DEPARTMENT RESPONSE

HFS accepts the recommendation of the Illinois Office of the Auditor General. HFS and DHS share responsibility for data accuracy at the time of enrollment for HBIA/S, as they do for all Medical Assistance programs. In partnership with DHS, HFS will strengthen our internal monitoring protocols for HBIA/S data to ensure that any enrollment inaccuracies are identified and resolved and that no duplicate payments are made.

RECOMMENDATION #2 – ENROLLEES POTENTIALLY ELIGIBLE FOR MEDICAID**RECOMMENDATION**

The Illinois Department of Healthcare and Family Services should work with the Illinois Department of Human Services to develop controls over eligibility determinations for the HBIS and HBIA programs to ensure ineligible individuals are not enrolled in violation of 305 ILCS 5/12-4.35. Additionally, HFS should seek Federal reimbursement for matching funds lost due to the miscategorization of HBIS and HBIA enrollees who otherwise would have been eligible for federally funded programs.

DEPARTMENT RESPONSE

HFS accepts the recommendation of the Illinois Office of the Auditor General. Operationally, HFS and DHS share responsibility for eligibility determination at the time of enrollment for HBIA/S, as they do for all Medical Assistance programs. DHS employs the caseworkers who process HBIA/S enrollment both in person and through the online ABE system. In partnership with DHS, HFS will work to continue to educate case workers on how to accurately process eligibility determination for this population through additional training opportunities and policy notices. In addition, we will strengthen our internal monitoring protocols to ensure that any enrollment inaccuracies are identified and resolved quickly.

HFS will also evaluate any instances where individuals who were otherwise eligible for federally funded Medicaid services remained enrolled in HBIA/S. We will confer with the Centers for Medicare and Medicaid Services regarding proper claiming methodologies and where possible, we will seek federal reimbursement for these individuals.

